

First Trust Short Duration High Yield Bond ETF (CAD-Hedged)

Fund Facts

Ticker	FSD.A
Cusip	33740L208
Exchange	TSX
Inception Date	30/06/2014
Management Fee	1.35% ¹
Management Expense Ratio	1.50% ²
Distribution Frequency	Monthly
Benchmark	ICE BofA Merrill Lynch 0-5 Year US High Yield Constrained CAD Hedged Index
Currency Hedged	USD to CAD
Total Net Asset Value	\$11,504,885

¹Maximum Annual Management fee of 1.35%. Management Fee includes 0.50% trailer fee.

Portfolio Characteristics

Number of Holdings	98
Weighted Average Effective Duration	2.22 ³
Weighted Average Maturity	5.18 years
Weighted Average Price	99.72 ⁴
Distribution Rate	4.22% ⁵

Top Industry Exposure

	% of NAV
Health Care Providers & Services	15.32%
Hotels, Restaurants & Leisure	14.37%
Media	9.46%
Pharmaceuticals	9.09%
Software	8.97%
Diversified Telecommunication Services	3.42%
Professional Services	3.38%
Metals & Mining	2.51%
Real Estate Management & Development	2.23%
Containers & Packaging	2.21%

Investment Objective

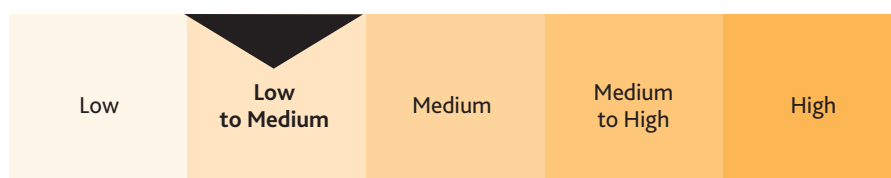
First Trust Short Duration High Yield Bond ETF (CAD-Hedged) seeks to provide Unitholders with a high level of current income by investing primarily in a diversified portfolio of below investment grade debt securities as rated by Moody's Investor Services, Inc., and Standard & Poors (Ba1/BB+ or below) or a similar rating by a designated rating organization (as defined in NI 81-102). As a secondary objective, the fund will seek capital appreciation.

Key Features

- Primarily invests in high yield issuers in the U.S., targeting a high level of interest income and the potential for capital appreciation
- Actively managed portfolio with a diversified portfolio of high yield bonds, floating rate loans and other debt securities
- Portfolio managers for the fund have proven experience and expertise at managing the challenges and opportunities in high yield bond investments
- Monthly income stream

Risk rating

First Trust Portfolios Canada has rated the volatility of this ETF as **low to medium**. This rating is based on how much the ETF's returns have changed from year to year. It doesn't tell you how volatile the ETF will be in the future. The rating can change over time. An ETF with a low risk rating can still lose money.



For more information about the risk rating and specific risks that can affect the ETF's returns, see the Risk section of the ETF's prospectus.

Annualized Performance *	1-month	3-month	6-month	YTD	1-year	3-year	5-year	10-year	Since Inception
NAV (Advisor)	0.33%	1.58%	1.65%	1.30%	1.42%	2.67%	-	-	1.41%

* The indicated rates of return are the historical annual compounded total returns, including changes in unit value and do not take into account sales, redemption or optional charges or income taxes payable by a security holder that would have reduced returns. The Fund was originally launched as a TSX-listed closed-end fund on May 20, 2011, and converted into an exchange traded fund on January 25, 2016 (the "Conversion Date"). Performance shown here prior to the Conversion Date is that of First Trust Short Duration High Yield Bond Fund ("FHY") since its inception date, which is relevant to this Fund as it adopted the investment objectives and strategies of FHY as of the Conversion Date.

²As of December 31, 2017 audited annual financial statements and MRFP.

³The weighted average effective duration is a measure of the bond portfolio's price sensitivity to changes in interest rates. Bond portfolios with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

⁴Weighted Average Price is calculated based on the price of the assets excluding ETFs.

⁵Distribution rate is calculated by dividing the most recent annualized distribution paid or declared by the Net Asset Value. Distribution rates may vary. The distributed amount may include return of capital (ROC) from time to time.

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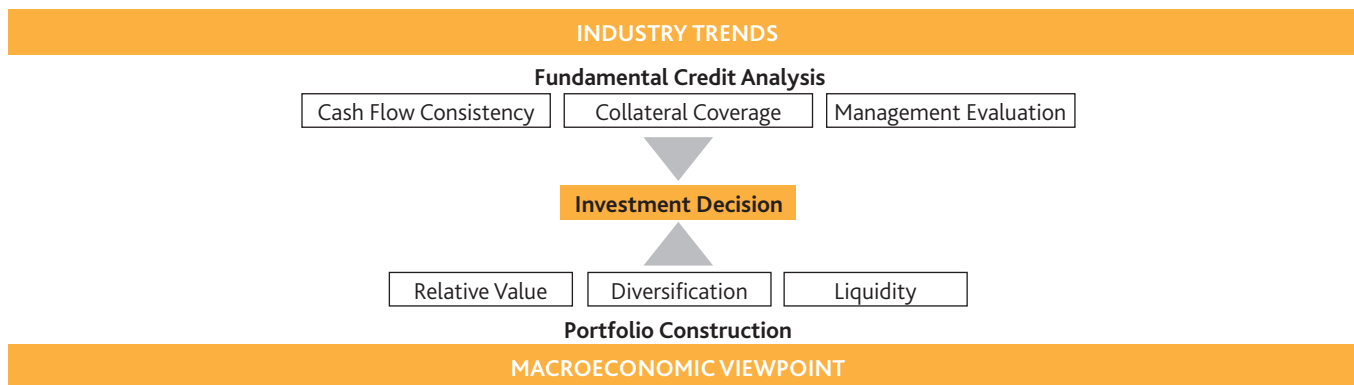
Top Holdings	% of NAV	Direct Holdings of Bonds & Loans ⁶	% of NAV**
Polaris Merger Sub Corp (Multiplan Inc)	3.65%	BBB+	0.00%
Select Medical Corporation	3.25%	BBB	0.00%
Bausch Health Companies Inc. (Valeant)	3.03%	BBB-	2.48%
Stars Group Holdings B.V. (Amaya)	2.70%	BB+	3.08%
Advantage Sales & Marketing Inc.	2.63%	BB	10.20%
Endo LLC	2.56%	BB-	13.36%
Tenet Healthcare	2.47%	B+	16.43%
Portillo's Holdings, LLC	2.43%	B	13.31%
BMC Software Finance, Inc. (Boxer Parent)	2.35%	B-	18.21%
Level 3 Financing, Inc.	2.27%	CCC+	14.66%
		CCC	0.77%
		CCC-	0.00%
		CC	0.00%
		D	0.29%
		NR	0.00%
		Composition by Asset Class	% of NAV**
		High Yield Debt Securities	63.30%
		Senior Loans	29.48%

**Percentage of net asset value may not equal 100%

First Trust Approach

The investment process is a balanced combination of bottom-up fundamental credit analysis and portfolio construction

- **Fundamental Credit Analysis** involves evaluation of the macro-economy, industry trends, consistency of cash flows, collateral coverage, and management quality.
- **Portfolio Construction** focuses on relative value within a risk management framework



About First Trust

The First Trust companies are a well-respected global enterprise with a history in the U.S. market since 1991 and in Canada since 1996. First Trust Advisors L.P., the portfolio advisor for the First Trust Short Duration High Yield Bond ETF (CAD-Hedged), has US \$134.61 billion in assets as of September 30, 2018 under supervision or management.

⁶The ratings are by Standard & Poor's except where otherwise indicated. A credit rating is an assessment provided by a nationally recognized statistical rating organization (NRSRO) of the creditworthiness of an issuer with respect to debt obligations except for those debt obligations that are only privately rated. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). Investment grade is defined as those issuers that have a long-term credit rating of BBB- or higher. "NR" indicates no rating. The credit ratings shown relate to the credit worthiness of the issuers of the underlying securities in the Fund, and not to the Fund or its shares. Credit ratings are subject to change.

Commissions, trailing commissions, management fees and expenses all may be associated with fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compound total returns including changes in the unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by the unitholder that would have reduced returns. Funds are not guaranteed, their values change frequently and past performance may not be repeated.